GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:3001
ANSWERED ON:05.09.2007
BUDGETARY EXPENDITURE ON RURAL INFRASTRUCTURE
Badiga Shri Ramakrishna

Will the Minister of PLANNING be pleased to state:

(a) whether as per the World Bank estimate, 1% increase in the stock of rural infrastructure lead to 1% increase in the National GDP;

(b) if so, the details thereof; (

(c) whether it is a fact that between 1993-94 and 2003-04 the share of budgetary expenditure on rural infrastructure and social services had declined from 32% to 25%;

(d) if so, the reasons behind this sharp fall in expenditure;

(e) whether declining investment is one of the important constraints for the dismal state of rural infrastructure; and

(f) if so, the constructive plans to spend more on rural infrastructure?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a) and (b): The World Development Report, 1994 states that a 1% increase in the stock of infrastructure is associated with a 1% increase in Gross Domestic Product (GDP) across all countries. The result is derived from a cross country association, and the Report does not specifically mention rural infrastructure.

(c): Based on the information available in "Indian Public Finance Statistics" (various issues), published by Ministry of Finance, Department of Economic Affairs, Economic Division, the share of budgetary expenditure on Social and Community Services and Infrastructure (Power, Irrigation and Flood Control, Transport and Communications) in the total expenditure of Central and State Governments increased from 29.8% in 1993-94 to 32.1% in 2003-04.

(d) to (f): Do not arise.